CHILTON'S

DISTRIBUTION

THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE JANUARY 1989

BEST AVAILABLE COPY

THE NOT-SO-NIFTY '90s

002528 010 008
SUSAN GARNER
CONGRESSIONAL INF SERVIC
4520 EAST WEST HIGHWAY
BETHESDA MD 20814

BUYING INTO INBOUND

PROFITS OUT OF THIN AIR

WHEN TO PAY EARLY

JANUARY 1989

CHILTON'S
DISTRIBUTION
THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE

VOL. 88, NO. 1

COVER STORY

30 THE NOT-SO-NIFTY '90s

If you thought logistics in the next decade would be a happy world of technical wizardry and enlightened management, think again. Takeovers threaten to undermine logistics' progress. Expansion of international business is stymied by understaffing and inexperience. At home, our transportation infrastructure is crumbling. Welcome to the gray '90s.

FEATURES

38 WHAT TO EXPECT FROM A BUSH ADMINISTRATION

And other insights as to what lies ahead for transportation in the 1990s. Here are the educated guesses of some industry veterans.

46 THE PURCHASING MANAGER OF THE 1990s

The anticipated integration between purchasing and logistics has not materialized. If this relationship is as critical to corporate success as everyone believes it is, what do the 1990s hold?

52 IT'S TOUGH TO BE ON THE RECEIVING END

Our readers are sold on the value of inbound freight management. Now if they could only get other key players to buy in.

58 CASEBOOK: AIRFREIGHT SERVICES

64 ARE YOU PREPARED TO PERFORM?

The pay-for-performance trend is irreversible, but logistics has taken mostly backward steps to date.

67 LOGISTICS TOOLS: HOW TO BETTER MANAGE YOUR CASH FLOW

The terms under which you choose to pay your freight bills can make you look really good – or really bad.

DEPARTMENTS

4 EDITORIAL

13 LOGISTICS TRENDS

16 TRANSPORTATION REPORT

26 GLOBAL LOGISTICS REPORT

70 DISTRIBUTION ADVISOR

80 MANAGEMENT

Next Month:

Doing More With Less

EDITORIAL STAFF

THOMAS A. FOSTER, ESQ. – Editorial Director
(215) 964-4379

JAY GORDON – Managing Editor
(215) 964-4385

E.J. MULLER – Senior Editor (West Coast)
(415) 387-0275

THERESA M. STELTZER – Senior Editor
(215) 964-4381

ANNETTE FREEMAN – Associate Editor
(215) 964-4387

EMILY BARR – Production Manager
(215) 964-4384

CONTRIBUTING EDITORS

JOSEPH V. BARKS (215) 964-4385
JOHN BETZ (303) 422-4959
ROBERT J. BOWMAN (415) 752-4884
KURT HOFFMAN (301) 762-8250
JAMES MARTIN (312) 864-8182
S. JAMES SEEDS (312) 559-2990
ROBERT VIDRICK (804) 740-3933
WALLY WEART (312) 307-8808
SY ZIVAN (716) 423-3643

FOREIGN CORRESPONDENTS

LYNN HURLBERT – Latin America
ANDREW TAUSZ – Canada
HANS VAN DER HOOP – Europe

EDITORIAL ADVISORY BOARD

DR. JOSEPH L. CAVINATO
Associate Professor of Business Logistics
The Pennsylvania State University

DR. RICHARD LANCIONI
Professor of Marketing
Temple University

CHARLES E. MARR
Corporate Traffic Manager
Hewlett Packard

STANLEY ROZYCKI
VP Transportation/Logist
Federated Department Stores, Inc.

GARY M. THOMPSON
Director of Physical Distribution
Kraft Inc., Dairy Group

DISTRIBUTION, ISSN 0273-6721, owned by Chilton Co., is published monthly at Chilton Way, Radnor, PA 19089, (215) 964-4000. Chilton Co., part of Capital Cities/ABC, Inc., New York, N.Y. Second Class Postage Paid at Wayne, PA 19087 and additional mailing offices. © CHILTON COMPANY 1989. Subscription rate: U.S. and possessions, $55 per year. Canadian, $60. Foreign $80. Single issue $4.00 except Distribution Guide Issue – $40 per copy. Address editorial correspondence to Editor-in-Chief, DISTRIBUTION, Chilton Co., Radnor, PA 19089. Postmaster: Send form 3579 to DISTRIBUTION, One Chilton Way, Radnor, PA 19089. Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC), provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem, MA 01970. (0275-6721/87 $1.00 + 25¢.)

BEST AVAILABLE COPY

TRANSPORTATION REPORT

Airfreight

FEDERAL EXPRESS BUYS TIGERS, GOES TO THE MAT WITH UPS

Its $880 million purchase of Flying Tigers, the world's largest all-cargo airline, has helped Federal Express to dramatically up the ante in its battle with United Parcel Service.

Fed Ex's precious gain is Tigers' international routes in Europe and, most importantly, the Pacific. "This is a reverse Nelson on UPS," says John J. Cella, Airborne Express's executive vp-international, using an apt wrestling metaphor. "It's a good move on Federal's part, but not without some risk."

One such risk is whether Fed Ex can integrate Tigers' 3,200 unionized employees into its non-union operation. "I think they'll leave it alone for the time being," says Uwe Steurnagel, president of AFSAC, Inc., one of many international air forwarders surprised by the Tigers purchase. He would have preferred to see an airline buy Tigers, but Steurnagel is unfazed by the move, which could cut into forwarders' overseas markets. "I'm a little bit concerned," he notes, "but I believe it's a big enough market."

UPS, for whom Flying Tigers carries a huge amount of Japan-bound freight, is predictably close-lipped about the deal. "We do not anticipate any disruptions in our Pacific Rim service," says UPS spokesman Robert Kenney. Whatever happens, this is the first big "stay tuned" story of 1989.

ARE FAXES PUTTING THE WHAMMY ON AIR EXPRESS? THIS STUDY SAYS NO

The use of facsimile transmissions has become nearly ubiquitous as a communications tool for Corporate America. As a result, some industry hawks have trumpeted the beginning of the end for air express carriers.

"For each communication vehicle please tell me with which audiences your company uses this tool?"

	Employees	Suppliers	Clients	Government
First-class mail?	76%	75%	84%	72%
Messenger service?	38%	51%	65%	40%
Air express?	38%	59%	81%	44%
Facsimile?	66%	75%	80%	44%
Voice mail?	47%	17%	18%	9%
Telex?	46%	46%	51%	35%
Video programming?	43%	2%	13%	2%
Electronic mail?	72%	16%	22%	7%
Satellite conferencing?	23%	5%	10%	1%

Lines of communication

Eighty-one percent of the executives contacted for a study by Airborne Express said their use of fax has increased in the past year. However, those executives say fax is having a limited impact on air express: approximately 77 percent said the use of air express has either remained constant or increased during the same period. Study participants were chosen from among the nation's largest companies for their knowledge of communications tools and policies.

The study also found that while technological improvements in communications systems and networks reduce the number of face-to-face meetings among employees, executives say these advances will not have the same impact on external audiences. "These findings suggest that the personal touch is still critical in maintaining business relationships," says Airborne's Kent Freudenberger, executive vp of sales and marketing. "No technology breakthrough is likely to eliminate the need for personal relationships."

The most sophisticated communications tools, such as electronic mail, satellite conferencing and voice mail, are used more frequently to communicate in-house than with outside sources (see chart at left). Freudenberger says this is because communications systems tend to be compatible internally, yet incompatible with those used by suppliers and customers.

THAI AIRWAYS REPORTS RAPID CARGO GROWTH, ADDED CAPACITY

Ringing up record numbers for its cargo operations has enabled Thai Airways International to increase its capacity to North America by 75 percent, the airline says.

Thai's own flights carried 133,000 tons of air cargo last year, up 21 percent from 1987 figures. Revenue increased 19.6 percent, while cargo's contribution to total airline revenues reached 15.8 percent. Total cargo handled at Thai's cargo terminal at Don Muang Airport in Bangkok reached 237,000 tons, up 20 percent from last year. Of that total, which includes Thai's own cargo and that handled on behalf of 40 other carriers, 44 percent was for export, a 24 percent increase.

Meanwhile, Thai reports that the number of "irregularities"—shipments in which cargo or documents were either lost, mishandled or damaged—amounted to 1.5 percent, one of the airline's lowest rates ever.

THE PURCHASING MANAGER OF THE 1990s

A recent study indicates the anticipated integration between purchasing and logistics has not materialized. If this relationship is as critical to corporate success as everyone believes it is, what do the 1990s hold?

By Jay Gordon, Managing Editor

The purchasing manager of the 1990s, believe it or not, is going to be an engineer.

Not an engineer in the vocational sense, necessarily, but an engineer of corporate relationships. No longer is the purchasing manager concerned solely with how to make the next buy; he now is responsible for supplier management.

With this added scope of the function has come a new trend: the scattering of purchasing responsibilities within the firm. Purchasing is no longer the stand-alone function it once was, a fact noted with chagrin by many purchasing pros who have busied themselves building empires over the past several years.

Yet they may turn out to be the big winners. With the shift to supplier management, purchasing is being asked to develop or acquire new skills and make new contributions in a number of areas such as quality, transportation, forecasting, production scheduling and product design. As a result, purchasing will have a level of input into strategic corporate planning and decision making that is unprecedented.

"The smart purchasing people are realizing that this might be the biggest power play of all," says Dr. Joseph Cavinato, associate professor of business logistics at Penn State University. "They are managing commercial relationships."

Jack Barry, a senior consultant in the logistics practice of Arthur D. Little, has a name for this. "The old line approach to purchasing problems is to treat it like a hot potato," he says. "You call up a supplier and dump on him. The new approach is *simultaneous engineering.* Here, you work with the vendor to solve problems and reduce costs for both parties. You take a nickel out and say, 'You get three cents, I get two cents.'

"And there's teeth behind this," Barry adds. "There's money to be made here. Vendors are saying, 'I'm 20 percent higher than the other guy. Let me explain to you why that is a good investment.' "

Figure 1

FUNCTIONS REPORTING TO PURCHASING

Function	#	%
Inbound traffic	29	10
Outbound traffic	2	1
Inbound & outbound	91	31
Warehousing	102	34
Inventory control	111	37
Scrap disposal	169	57
Receiving	77	26
Incoming inspection	48	16
Other	81	27

In about one-third of the CAPS study firms, logistics functions report to purchasing.

Organizational Relationships

How will this be played out in the real world of the 1990s? How will purchasing be organized to accomplish this ambitious game plan? A study recently published by the National Association of Purchasing Management's Center for Advanced Purchasing Studies answers some of these questions.

One of the most revealing aspects of the study is that it counters the notion that companies are organizing so that all materials flow functions, both inbound and outbound, report to a logistics manager. While this idea is often discussed in U.S. and European logistics circles, the CAPS study found that it is uncommon in practice: less than one percent of the organizations reported that purchasing reports to logistics.

The study did find that a vast majority of the 297 respondents have

continued

opted for some combination of centralized and decentralized purchasing. This enables a company to have some purchasing done locally, close to the actual requirement, and some handled centrally to take advantage of volume buying.

This is exactly the setup at chemical and pharmaceutical manufacturer Hoechst Celanese, which was formed in 1987 when American Hoechst and Celanese Corp. merged. At the time of the merger, says Rich Young, manager, domestic & import distribution, Hoechst was mostly centralized, while Celanese was mostly decentralized. "Now," says Young, "we're at the mean of the two."

Each of Hoechst Celanese's five operating divisions has a centralized purchasing department. For "leverage issues"—goods and services used by all the divisions—there are regional purchasing managers who take advantage of the company's collective clout. "What we have tried to do," says Young, "is to decentralize to get closer to the customer without losing leverage on important items."

On the international side, inbound freight is a function of the distribution department and is well controlled by the company, Young says. Domestically, control of inbound freight depends on the commodity, who's buying it and where they're buying it from. "I might have a microcosm of the world in this company," Young says. "Our purchasing terms range from FOB-shipping point, which is complete abdication, to a situation where the purchasing manager meets with the distribution manager and says, 'I'm buying this; what's the best way to do it from a transportation standpoint?' "

Figure 2

ACTIVITIES NEWLY ASSIGNED TO PURCHASING

Activity area	#	%
Strategic planning	26	9
Product development	8	3
Traffic/transportation	37	13
New product evaluation	12	4
Capital equipment buys	21	7
Personnel travel	41	14
Marketing planning	4	1
Economic forecasts	18	6
Futures trading	8	3
Cash flow planning	11	4
Countertrade/offset	36	12

Transportation duties have been newly assigned to purchasing in 13 percent of the CAPS firms.

Supporting Corporate Growth

The situation is much the same at Merck Chemical Manufacturing Division (MCMD), a unit of pharmaceutical giant Merck Sharp & Dohme. Materials management is organized on a divisional basis, reporting to the senior vp of manufacturing and technology. This senior corporate executive sets corporate materials management policy and establishes objectives.

According to Allan L. Mysel, executive director, materials management for MCMD, the materials management units are responsible for purchasing, production planning, inventory control and transportation. Based at corporate headquarters in Rahway, N.J., MCMD purchasing serves other groups at that location, including research and various corporate staffs. MCMD is basically a captive manufacturing division. Its eight plants—four in the U.S., one in Puerto Rico and three in western Europe—provide bulk active pharmaceuticals to Merck's other divisions.

At the division level, purchasing is highly centralized. Some purchasing is done at the plants, but major buys are made at division headquarters. A transportation council, made up of representatives from the operating divisions, negotiates company-wide transportation rates and services.

Perhaps the biggest task for Merck is to integrate its international purchasing to help meet some lofty corporate objectives in an increasingly intense competitive environment. Merck, already the largest U.S.-based pharmaceutical company in Europe, has its sights set higher. "Our chairman has made it clear that we expect to rank number one in sales in Europe by 1992," says Mysel. "The challenge to purchasing is to support these growth objectives. We will look at what we are buying, for whom we are buying and *from* whom we are buying. One question we'll be asking is, 'Could we be buying in a country where we're not manufacturing in order to increase our presence in that country and support our sales efforts there?' "

Merck's action plan includes enhancing vendor evaluation and certification programs and reducing the supplier base. While he doesn't embrace single sourcing for the pharmaceuticals business, Mysel feels it would be advantageous to have one major source for an item and a second, viable source that gets enough of Merck's business to remain interested and willing to work with the company. The position of these two prominent sources could shift from year to year, and a small portion of the company's requirements would remain uncommitted to allow development of new sources. Mysel also foresees a continuing commitment on Merck's part to encourage, develop and use minority vendors. "The key to the future," Mysel says, "is strong, close, mutually advantageous partnerships with the best suppliers—those that are high quality, reliable, technically and commercially innovative and competitive."

Hoechst Celanese's Rich Young says his company also is partnershipping with vendors. The biggest part of that is sharing information, which enables both sides to control costs. "We're moving toward the point where we won't need to inspect the vendor's product," he says, "but the responsibility for measuring and monitoring quality is squarely on the vendor." ■

For a description of the four steps to successful supplier management, see this month's management column, "New Levels of Logistics Purchasing," on page 80.

IT'S TOUGH TO BE ON THE RECEIVING END

Our readers are sold on the value of inbound freight management. Now if they could only get other key players to buy in.

By Joseph V. Barks, Contributing Editor

Figure 1

TYPES OF INBOUND FREIGHT	
Unprocessed raw materials	29.7%
Processed raw materials	47.9%
Unassembled products	18.9%
Subassemblies	42.8%
Finished goods	67.3%

Inbound does not necessarily mean in-process. Here, the domination of retail receivers accounts for much of the high proportion of finished goods. But the high percentages of processed raw materials and subassemblies also reflect an increasing awareness of the need to control all inbound costs as part of a total logistics strategy.

Figure 2

PERCENT OF INBOUND FREIGHT SHIPPED COLLECT	
0- 10%	18.3%
11- 20%	8.0%
21- 30%	4.5%
31- 40%	5.0%
41- 50%	7.5%
51- 60%	6.6%
61- 70%	5.0%
71- 80%	8.4%
81- 90%	15.5%
91-100%	21.1%

The higher percentages at the top and bottom ends of this scale indicate that it's often an all-or-nothing proposition when vendors or receivers dictate freight terms. Blanket policies and overriding inbound contracts are more common than per shipment decisions.

Figure 3

INBOUND ROUTING GUIDE FOR SUPPLIERS	
Yes	65.4%
No	34.6%

Until details about inbound routing procedures are defined for the remaining one-third of suppliers, it's doubtful that the primary inbound problem – vendors not following instructions – will be diminished (see Figure 7).

If there's been one basic lesson that distribution professionals have learned in the 1980s, it's been how to look both ways. Think about it. Ten years ago there was plenty of lip service about pipelines and big-picture orientations, but little impetus to turn shippers' attention away from the placid, traditional outbound horizon. Then, in rapid succession, came the following powerful forces:

- **Deregulation**, which spurred shippers to grab for all the freight they could control, to take full advantage of volume discounts. Eureka! They discovered inbound, the untapped gold mine of goods.
- **JIT** inventory management, which said getting it here is just as important as getting it there.
- **EDI** and other data processing developments, to better close the loops between all of the various parties in transportation transactions.
- **Global outsourcing**, which put an even greater premium on the front end of the manufacturing equation, particularly in high-value, high-tech industries.
- **Booming retail markets**, which by their very nature are inbound-oriented.

These factors contributed to a dramatic and enduring facelift of the industry. Traditional transportation types began to take on the characteristics of purchasing managers, and vice versa. New carriers appeared that bore no resemblance to their one-way, pre-1980s predecessors. "Shipping and receiving" became equal partners in more than name only within the distribution departments of many major firms.

Confident Responses

The magnitude of the inbound uprising that has occurred in the past decade was reflected in responses to DISTRIBUTION's recent *Dialogue* survey on inbound freight management (see charts at left and on page 54). The volume of respondents, nearly 600 readers, would have been unthinkable 10 years ago. So, too, would the extent of inbound activity they reported.

To be sure, inbound is not a new phenomenon for many companies. "We have been managing our inbound freight for many years," said one "no big deal" survey re-

continued

sponse. "The benefits of controlling our movements far outweigh any problems we've encountered, or the costs involved."

Still, this comment was far more typical: "We are in the first year of our inbound program, and information and feedback are at a premium. Controlling inbound traffic and costs is a big job, and a very exciting one."

Excitement. Confidence. Conviction. Determination. These emotions were evident throughout this particular reader dialogue, as respondents made it clear that inbound freight management is now as much part and parcel of their job descriptions as, well, parts and parcels.

Barriers to Inbound Efficiency

Another emotion predominated the discussion, however: frustration. Our readers are now so charged up to make the most of their newfound inbound opportunities, they found it impossible to contain their disgust with the many barriers – internal, external, and infernal – that block the way to peak efficiency. As the selection of comments on page 56 indicate, our survey became a tear-out spleen venter that carried back multiple indictments against "idiot vendors," "unethical carriers," and "reticent managements" that continue to stymie logisticians' best-laid inbound plans.

Disappointment to this degree is to be expected, though, whenever high levels of eagerness and expectations coincide with a low point on the learning curve. As experience grows and companies can substitute results for speculation, we can expect a simmering of inbound tensions. The potential for inbound success remains too compelling to believe that solutions to these initial implementation problems won't be found.

The numbers supplied by one respondent literally speak volumes: "For calendar year 1987, we had a net savings of $2.1 million in inbound freight charges, and that amount is just barely scratching the surface for the total amount of product received in our warehouse." With that kind of incentive, we can expect to check back with our readers 10 years from now and hear many more echo what was a rare comment this time around: "We do not have any significant problem with this aspect of managing our distribution. Control over inbound freight is extremely effective." ■

Figure 4

CONTROL OF CARRIERS FOR INBOUND FREIGHT

Traffic controls all inbound	46.8%
Purchasing controls all inbound	28.7%
Traffic controls subassemblies and finished goods	11.5%
Purchasing controls raw materials and semifinished goods	11.2%
Purchasing/traffic committee	22.2%
Inbound/outbound by logistics	74.8%
Inbound/outbound by purchasing	6.5%
Inbound/outbound by other department	4.9%

Multiple answers muddied the message from this question, but one important trend does seem to emerge: When distinctions are made between inbound and outbound control, purchasing becomes a bigger player. Further, significant distinctions are sometimes made for responsibilities according to type of inbound goods.

Figure 5

REASONS FOR NOT CONTROLLING INBOUND

Branch department	20.5%
Company policy-delivered basis only	20.5%
Vendors insist on routing	20.5%
Vendors/suppliers have more clout	20.5%
Other	18.0%

The majority of respondents didn't have any reason for not controlling inbound freight. Among the shrinking minority that still washes its hands of any inbound responsibility, reasons were remarkably dispersant. "Other" responses included this still-too-frequent shipper's lament: "Old-time VP still controls traffic; times have changed, age has not."

Figure 6

MOST IMPORTANT BENEFIT OF INBOUND CONTROL

Control over number and quality of carriers	20.4%
Better coordination with production/sales	16.5%
More control over inbound transportation costs	44.1%
More leverage in rate negotiations	16.7%
Other	2.3%

The control factor came to the fore when respondents had to pick their one reason for asserting inbound control. And, unlike the outbound side, where the cost/service debate remains a tossup, it's clear at this end of the logistics pipeline that inbound freight management is primarily a cost-savings tool.

Figure 7

PROBLEMS ENCOUNTERED WITH INBOUND

Vendors/suppliers do not follow routing instructions	68.5%
Lack of staff/expertise	25.4%
Lack of scheduling/rate information	12.3%
Absence of fully integrated system	27.7%
Difficulty auditing freight charges	10.9%
Difficulty settling claims	8.5%

Sure, there are problems with inbound, but they don't seem to be anything that more communication, more people, more management support and more information won't cure.

To see what readers had to say about inbound freight management, please turn to page 56.

THE INBOUND COMPLAINT DEPARTMENT

Readers quickly queued up in six long lines. Here's how the gripes were grouped, with samples of each:

Vendor Venom

"Vendors may comply on the first shipment, and possibly the second; then they have a memory lapse!"

"Idiot vendors don't follow instructions; their careless shipping departments package inadequately."

"Vendors remain constant, but their shipping locations change like the wind. This makes full integration difficult."

"Getting correct information from vendors regarding weight cubes and shipping points is extremely difficult. Vendor sales forces do not have good knowledge of vendor traffic departments."

"Vendors and suppliers often ignore routings and are unable to correctly describe freight to get proper classification."

Purchasing Protests

"A major problem is the reluctance of our purchasing department to change from the FOB-delivered, freight included mindset."

"Purchasing does not consult traffic for advice and/or recommendations on routing. Instead, it always allows vendors the 'ship best way' option."

"We are continually frustrated trying to make purchasing managers understand the benefits of consolidation of multiple purchase orders, and the benefits of single-sourcing inbound freight, parcels and air."

Scheduling Snafus

"We often have a lack of order or lead time for receipt of goods, therefore leading to 'JINT' (Just in Nick of Time) delivery."

"We're frustrated by an inability to 'cluster' high-quality vendors to enhance transportation methods and improve JIT applications."

"Coordinating the receipt of shipments during peak shipping periods is a periodic headache."

"The actual delivery of product is our biggest problem, because there are too many delivery locations and receiving people involved. We're considering a central receiving location as a solution."

Corporate Complaints

"The wide variety of people initiating an inbound transportation event is a big problem. It can range from an experienced buyer in a purchasing department to a clerical temp from an agency."

"The biggest problem we face is a lack of insight within our distribution system as to the potential savings when we control how the product is to be shipped."

"We're hurt by the lack of a central logistics/traffic section. Contracts management is responsible for the current effort and is understaffed for the job."

"Convincing senior management, as well as engineering, of inbound's importance is an ongoing challenge. It is still not considered an important aspect of our business, unless material is needed immediately."

"JIT and 'ship to stock' programs provide an arena for buyers, engineers and production schedulers to justify telling vendors to ship by whatever carrier provides the best ballgame tickets, golf outings and fishing trips. Most have no regard for service and price."

"There's a lack of managerial awareness about inbound at the corporate level. Emphasis is on production, not on staff and service functions."

"Top management is never informed of the cost savings potential of inbound until logistics pulls the numbers out of accounting."

Data Disputes

"We need to have our plants agree to modify their local purchasing/receiving systems to support a centralized database."

"We must develop a software system to effectively and efficiently measure and control the movement of inbound shipments."

"We lack a comprehensive, systematic method of building a database for inbound movements that is equal to what's available on outbound shipments."

"The volume of paper we have to audit to make sure all parties are shipping correctly is monstrous."

"We suffer from a lack of available software products to automate a consolidation program."

Carrier Criticisms

"We use a lot of irregular route truckload carriers and their traffic patterns are always switching. So we are constantly revising our inbound routing guides."

"Our difficulties center on safety, service and quality of our supplier-provided rail equipment. Our suppliers don't seem as concerned about condition, quality and compliance issues as we are."

"We must constantly watch to make certain carriers do not refund our dollars to vendors through rebates, refunds and incentive programs."

"Getting carriers to conform to our inbound receiving requirements such as 'notify before delivery' and open and closing times is always a problem."

"Competing contracts cause conflicts; when both shipper and receiver have contracts via competing rail routes, service can suffer."

"Service remains a variable with most carriers. Carriers maintain schedules on a line-haul basis, but the P&D segment of the service falters with many."